

May 12, 2000

Ms. Gloria Blue
Executive Secretary
Trade Policy Staff Committee
Office of the United States Trade Representative
Room 122
600 17th Street N.W.
Washington, DC 20508

**Public Comments for Mandated Multilateral Trade
Negotiations on Agriculture and Services in the World
Trade Organization (WTO) and Priorities for Future
Market Access Negotiations on Non-Agricultural Goods**

Dear Ms. Blue:

AT&T Corp. ("AT&T") is pleased to submit the following comments in response to the Request for Public Comments for Mandated Multilateral Trade Negotiations on Agriculture and Services in the World Trade Organization (WTO) and Priorities for Future Market Access Negotiations on Non-Agricultural Goods. **AT&T's comments specifically relate to electronic commerce and telecommunications services.**

The WTO Services 2000 negotiations provide four opportunities for the United States:

- the opportunity to promote and protect the development of electronic commerce;
- the opportunity to seek further liberalization of services sectors which are the subject of existing specific commitments, such as basic telecommunications and value-added network services;
- the opportunity to expand upon the rules that were developed in the Uruguay Round for the liberalization of trade in services; and
- the opportunity to seek specific commitments for services sectors, such as energy, that were not included in the Uruguay Round negotiations.

AT&T will address the first three opportunities in these comments.

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1. Development of E-Commerce

In the global marketplace of the new millennium, electronic commerce will surely be at the core. But the full benefits of the Information Age -- greater efficiencies, expanded

participation, higher living standards -- will not be reaped unless all markets are opened for all the elements that make e-commerce possible and unless transparent, nondiscriminatory legal/regulatory regimes are in place to ensure investor confidence for making the promise of e-commerce real.

In May 1998, the WTO Members decided to bring electronic commerce within the ambit of the WTO by declaring that Members should continue the practice of not imposing customs duties on electronic transmissions and establishing a comprehensive work program to examine all trade-related issues relating to global electronic commerce. AT&T believes that the WTO's work on electronic commerce should continue with a focus on: (a) promoting the development of the infrastructure that is necessary to conduct e-commerce; (b) promoting the development of trade in goods and services via e-commerce; and (c) preventing the establishment of new barriers to e-commerce during and after the Services 2000 negotiations.

- To promote the development of e-commerce infrastructure, AT&T urges the U.S. government to pursue further liberalization in the Services 2000 negotiations of a "cluster" of services associated with the infrastructure needed for e-commerce transactions, including, for example, computer, telecommunications, distribution, advertising, financial, and delivery services.

Consistent with the Clinton Administration's general approach to e-commerce, the industry should lead in developing more specific negotiating objectives for an e-commerce cluster. Furthermore, the cluster approach should seek meaningful liberalization of the sectors supporting e-commerce and not detract from existing, long-term U.S. policies, including the necessity of liberalized, competitive basic telecommunications services for the development of electronic commerce. Basic telecommunications and value added network services are particularly critical components of the e-commerce infrastructure. They are an elemental and necessary foundation for all e-commerce activity around the world.

- To promote the development of trade via e-commerce, AT&T urges the U.S. government to pursue further liberalization in the Services 2000 negotiations of the services that can be delivered via e-commerce, including, for example, consultancy, professional, education, and energy services.
- To prevent the development of new barriers to e-commerce pending the completion of negotiations, AT&T urges the U.S. government to pursue: a standstill commitment not to impose new restrictions that could adversely affect e-commerce during the course of the negotiations; formal recognition of the applicability of WTO agreements to electronic commerce; extension of the practice of not imposing customs duties on electronic transmissions; and the continuation of the work program on electronic commerce within the WTO.

The traditional role of the WTO—and its predecessor, the GATT—has been to reduce and eliminate barriers to trade. This is a role that the WTO can now play for electronic commerce by providing a forum in which Members can negotiate new commitments to reduce barriers to e-commerce and enforce existing commitments that protect e-commerce through the WTO Dispute Settlement Mechanism. And the WTO can take on a new role of preventing the creation of barriers to e-commerce that currently do not exist. By embracing open markets for electronic commerce, WTO Members can launch the new millennium into the Information Age.

2. Further Liberalization of Telecommunications Services

AT&T believes that the major U.S. objectives for telecommunications in the Services 2000 negotiations should be:

- to obtain full and immediate market-opening commitments for basic telecommunications and value-added network services, including full adoption of the Reference Paper for basic telecommunications services, from the countries that have made more limited commitments;
- to obtain basic telecommunications and value-added network services commitments from those countries that did not make them in the basic telecommunications or Uruguay Round negotiations; and
- to encourage the five countries that have still failed to ratify their commitments under the Basic Telecommunications Agreement to do so expeditiously. Those countries are Brazil, Dominica, Guatemala, Papua New Guinea, and the Philippines.

In addition to these objectives for the Services 2000 negotiations, countries seeking accession to the WTO should be required to provide commitments in basic telecommunications and valued-added network services.

WTO Members have recognized the positive impact on economic growth of opening telecommunications markets. Accordingly, a numbers of WTO Members have significant commitments for liberalization of their telecommunications services sectors. Sixty-five Members have accepted the Fourth Protocol to the GATS, i.e., the Agreement on Basic Telecommunications. This agreement actually is a collection of commitments made by WTO Members to provide market access, national treatment, and a pro-competitive regulatory environment for basic telecommunications services. And, approximately forty WTO Members' GATS schedules include commitments to liberalize value-added network services.¹

¹ The Annex on Telecommunications to the GATS ensures that all service providers seeking to take advantage of scheduled commitments will have reasonable and non-discriminatory access to, and use of, basic telecommunications services in Member countries, regardless of whether a Member country has scheduled specific commitments for basic telecommunications.

But the process of liberalizing telecommunications markets around the world is not complete. The Agreement on Basic Telecommunications is removing many former foreign-market-access barriers in basic telecommunications services and is thus a major landmark in the development of a competitive global telecommunications market. However, the number of countries committing to open their basic telecommunications markets fully and immediately under the Agreement is still relatively small.

Only twenty-four countries, including the United States, made and subsequently ratified commitments to allow full competition by January 2000 on both a facilities and resale basis for all basic telecommunications services (including local, long-distance, and international services), to allow majority foreign ownership of facilities and resale carriers, and to implement the regulatory requirements of the WTO Basic Telecommunications Reference Paper. (The other countries making and ratifying these commitments were Australia, Austria, Belgium, Chile, Denmark, El Salvador, Finland, France, Germany, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Peru, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.)

Without full and immediate access to foreign basic-telecommunications markets, U.S. carriers cannot compete fully and fairly in those markets, although foreign telecommunications carriers from all WTO Member countries have full access to the competitive U.S. market. Indeed, almost half of all WTO Member countries made no market-access commitments in basic telecommunications at all. As the basic telecommunications sector shows, achieving comprehensive commitments for, and thereby comprehensive benefits from, market openings requires both negotiating initial agreements and following-up afterwards.

3. Further Development of WTO GATS Rules

AT&T supports USTR's ongoing work in the Working Party on Domestic Regulation to address issues relating to the development of horizontal principles for transparency. Proclamations that markets are open will not attract new entrants unless they are confident that the legal/regulatory environment will treat them fairly. Regulatory transparency and fairness should apply at every stage of the development, implementation, and application of laws and regulations. It is particularly important that interested parties be given a meaningful opportunity to review and comment on laws and regulations before they become final.

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AT&T appreciates this opportunity to express its views on U.S. objectives for the Services 2000 negotiations and looks forward to working with USTR, other agencies involved in telecommunications and trade policy, and U.S. industry in further developing and executing those objectives.

Respectfully submitted,

Joanna K. McIntosh